

**K. SURVEY OF PRIVATE SUPERANNUATION SCHEMES, 1955-56.**  
**SURVEY OF PRIVATE PENSIONS AND RETIRING ALLOWANCE SCHEMES, 1955-56.**

1. **General:** In this section, details are given of the results of a survey of private pension and retiring allowance schemes conducted by businesses during 1955-56 or their latest financial year. The previous survey in this field related to 1951-52, details of which may be found in *Finance*, Bulletin No. 44. The main differences between the two surveys are set out in paragraph 7, page 781.

For the 1955-56 survey separate information was requested for the following:—

(i) Schemes operated wholly through life assurance companies.

(ii) Schemes not operated wholly through life assurance companies but through a separate fund.

(iii) Direct payments by the employer of pensions and/or retiring allowances.

The survey was based on a sample of businesses subject to pay-roll tax, that is, all those with a payroll of over £120 per week or employing (in male units) about 7 employees. To assist in sampling and analysis, businesses were divided into the following sizes on the basis of their monthly payrolls:—

(i) Small Businesses—Payroll of more than £500 and less than £3,000 monthly or employing between 7 and 40 employees.

(ii) Medium Businesses—Payroll over £3,000 but under £20,000 monthly or employing between 40 and 250 employees.

(iii) Large Businesses—Payroll over £20,000 monthly.

Forms were sent to all the large businesses and to a selected number of small and medium businesses. Government airlines and banks were included if contributing to their own separate funds rather than to State or Commonwealth Superannuation Funds: but other government business undertakings were excluded. Also excluded from the survey were Rural Industries, Private and Domestic Services and Statutory Coal Miners' Pension Funds.

The figures shown in the tables, with the exception of those in the table in paragraph 2, are estimated totals for the whole field from which the sample was drawn. Some indication of the extent of the field surveyed is given by the fact that the figures relate to businesses employing approximately 85 per cent. of the total number of employees in private employment excluding rural wage earners and female private domestics.

In view of the comparatively small number of small businesses covered, some of the percentage distributions of these numbers in the tables in paragraphs 1 to 4 should be regarded as giving no more than a very broad picture of the situation. The tables showing details of the financial operations of the various types of schemes are less subject to error since they are weighted heavily by the operations of large firms in which the coverage is practically complete.

2. **Number of Businesses and Superannuation Schemes Surveyed.**—The following table shows the number of businesses from whom satisfactory returns were received and the percentage which operated a pension or retiring allowance scheme of any of the types described in paragraph 1 above.

From this table it can be seen that 92 per cent. of all large businesses have some form of scheme. The percentage falls to 64 per cent. in the medium size group and to 28 per cent. for small businesses. This tendency for the percentage to fall substantially in the smaller size groups is common to all industries.

The percentage of businesses operating schemes was greatest in the wholesale and retail trading group. This was the same as the pattern found in the 1951-52 survey. Schemes were relatively fewest in the building industry component of the "other industries" group where only 11 per cent. of the small businesses, 35 per cent. of the medium size businesses and 41 per cent. of the large businesses had a scheme of any type.

**NUMBER OF BUSINESSES AND SUPERANNUATION SCHEMES SURVEYED (a), 1955-56.**

Industry.	Number of Businesses Surveyed.				Percentage with Superannuation Schemes.		
	Total.	Small.	Medium.	Large.	Small Businesses.	Medium Businesses.	Large Businesses.
Manufacturing .. .. .	1,411	395	547	469	% 26	% 66	% 94
Wholesale and Retail Trade ..	713	261	269	183	39	74	97
Other Industries .. .. .	815	327	271	217	21	49	81
<b>All Industries</b> .. .. .	<b>2,939</b>	<b>983</b>	<b>1,087</b>	<b>869</b>	<b>28</b>	<b>64</b>	<b>92</b>

(a) State branches and subsidiary companies who completed a return are treated as separate businesses, even though they may have contributed to a scheme organized by their head office or parent company.

3. **Type of Superannuation Scheme.**—The following table shows the relative importance of the three main types of schemes. This table shows that the most common types of schemes are those organized wholly through life assurance companies. They account for 75 per cent. of the schemes of small businesses, 71 per cent. of the schemes of medium sized businesses and 52 per cent. of the schemes of large businesses. This general pattern applies to all the industrial groups shown in the above table and to all the industries combined.

Among large businesses, schemes organized wholly through life assurance companies are relatively less important than among the smaller businesses and a correspondingly greater proportion of schemes are organized through separately constituted funds. Only 18 per cent. of the schemes operated by the smaller businesses are run entirely through separate funds as against 32 per cent. for large businesses.

Schemes organized through a separate fund are relatively most important in the "other industries" group while the combination of a life assurance scheme and a separate fund within the one business is of greatest importance in the wholesale and retail trading industries.

**TYPE OF SUPERANNUATION SCHEME.(a) 1955-56.  
PROPORTION OF TOTAL SCHEMES IN EACH INDUSTRY-SIZE GROUP.**

Industry.	Size of Business.	Life Assurance Scheme Only.	Separate Fund Only.	Life Assurance Scheme and Separate Fund.	Total.
		%	%	%	%
Manufacturing ..	Small	75	20	5	100
	Medium	76	15	9	100
	Large	60	27	13	100
Wholesale and Retail Trade ..	Small	77	14	9	100
	Medium	72	15	13	100
	Large	41	29	30	100
Other Industries ..	Small	72	23	5	100
	Medium	57	30	13	100
	Large	43	47	10	100
All Industries ..	Small	75	18	7	100
	Medium	71	18	11	100
	Large	52	32	16	100

(a) State branches and subsidiary companies who completed a return are treated as separate businesses, even though they may have contributed to a scheme organized by their head office or parent company.

4. **Date of Commencement of Schemes.**—(i) *Schemes organized wholly through Life Assurance Companies.* A summary of the dates at which schemes organized wholly through life assurance companies commenced is given in the following table. From this table it can be seen that for small and medium sized businesses the majority of the schemes commenced since 1945. For large businesses more than half were commenced prior to 1945 and an appreciable number prior to 1940.

**SUPERANNUATION SCHEMES ORGANIZED WHOLLY THROUGH LIFE  
ASSURANCE COMPANIES, 1955-56: DATE OF COMMENCEMENT.  
PROPORTION OF TOTAL SCHEMES IN EACH INDUSTRY-SIZE GROUP.**

Industry.	Size of Business.	Date of Commencement of Scheme.				Total.
		Before 1940.	1940-45.	1946-50.	1951-56.	
		%	%	%	%	
Manufacturing ..	Small	..	4	37	59	100
	Medium	5	26	35	34	100
	Large	12	44	26	18	100
Wholesale and Retail Trade	Small	2	25	41	32	100
	Medium	11	27	35	27	100
	Large	20	35	35	10	100
Other Industries ..	Small	6	6	31	57	100
	Medium	14	14	42	30	100
	Large	21	39	27	13	100
All Industries ..	Small	2	13	37	48	100
	Medium	8	25	36	31	100
	Large	16	41	28	15	100

(ii) *Schemes organized through Separately Constituted Funds.* In the following table, a summary of the dates at which schemes organized through separately constituted funds commenced is given. From this table it can be seen that a much higher percentage were in existence prior to 1940 than was the case with schemes organized wholly through life assurance companies. Whilst this pattern applies to businesses of all sizes, it is particularly noticeable in the case of large businesses.

**SUPERANNUATION SCHEMES ORGANIZED THROUGH SEPARATELY  
CONSTITUTED FUNDS, 1955-56: DATE OF COMMENCEMENT.**

**PROPORTION OF TOTAL SCHEMES IN EACH INDUSTRY-SIZE GROUP.**

Industry.	Size of Business.	Date of Commencement of Scheme.				Total.
		Before 1940.	1940-45.	1946-50.	1951-56.	
		%	%	%	%	%
Manufacturing .. ..	Small	13	17	22	48	100
	Medium	13	30	35	22	100
	Large	43	28	13	16	100
Wholesale and Retail Trade	Small	5	10	57	28	100
	Medium	10	36	26	28	100
	Large	38	39	12	11	100
Other Industries .. ..	Small	..	8	15	77	100
	Medium	22	11	32	35	100
	Large	65	12	16	7	100
All Industries .. ..	Small	7	12	33	48	100
	Medium	14	28	32	26	100
	Large	47	27	14	12	100

In analysing the figures contained in the two preceding tables, it should be remembered that the larger firms generally have been in operation longer than the smaller ones and, to that extent, a larger proportion of long established schemes would be expected.

**5. Financial Operations of Private Superannuation Schemes.**—(i) *Schemes operated wholly through Life Assurance Companies.* The following table shows details of schemes operated wholly through life assurance companies. In these schemes, the whole of the amounts contributed by both employee and employer are used to pay premiums on life assurance policies which will mature either on the death or retirement of the employee.

From this table it can be seen that while the relationship of the employees' to the employers' contribution varies between industries, in each industrial group the employers contribute much more than the employees. In many cases, employees do not contribute and the total premiums are paid by the employer. Between the 1951-52 and 1955-56 surveys, the relationship of employees' to employers' contribution for all industries combined has not altered. In both surveys, it was found that employees contributed 39 per cent. and employers 61 per cent. of the total contributions.

**SUPERANNUATION SCHEMES ORGANIZED WHOLLY THROUGH LIFE  
ASSURANCE COMPANIES 1955-56: NUMBER OF EMPLOYEES COVERED  
AND AMOUNTS CONTRIBUTED.**

Industry.	Number of Employees Covered.	Contributions.			
		Employees.		Employers.	
		Total.	Average Per Head.	Total.	Average Per Head.
	No.	£'000.	£	£'000.	£
Manufacturing—					
Engineering and Vehicles .. ..	34,900	1,097	31	1,621	46
Textiles and Clothing .. ..	9,400	285	30	437	46
Food, Drink and Tobacco .. ..	17,900	464	26	671	37
Paper and Printing .. ..	16,900	457	27	756	45
Chemicals and Oil Refining .. ..	6,200	199	32	263	42
Other Manufacturing .. ..	16,500	500	30	695	42
<i>Total Manufacturing</i> .. ..	<i>101,800</i>	<i>3,002</i>	<i>29</i>	<i>4,443</i>	<i>44</i>
Transport .. ..	14,600	621	43	958	66
Wholesale Trade .. ..	46,800	1,631	35	2,503	53
Retail Trade .. ..	19,800	463	23	898	45
Finance and Property .. ..	6,900	286	41	434	63
Other Industries .. ..	13,000	393	30	704	54
<i>All Industries</i> .. ..	<i>202,900</i>	<i>6,396</i>	<i>32</i>	<i>9,940</i>	<i>49</i>
Percentage of total contributions—					
1955-56 Survey .. .. %	..	39	..	61	..
1951-52 Survey .. .. %	..	39	..	61	..

(ii) *Schemes operated through separately constituted funds.* (a) *Income and expenditure.* The following table shows details of the estimated income and expenditure of schemes organized through separate funds. On the income side, the most important item is the employers' contribution which accounts for 50 per cent. of the total income. This is more than twice the amount of the employees' contributions whereas in funds run through life assurance companies, employers contribute about 55 per cent. more than employees. As in the previous survey, total contributions to schemes run through separate funds exceeded total contributions to schemes run through life assurance companies. This difference, however, has been considerably narrowed since the 1951-52 survey reflecting a slower rate of growth in the schemes run through separately constituted funds.

On the expenditure side, lump sum payments and refunds increased and exceeded pensions by a substantial margin. Total payments from the funds, however, were only 26 per cent. of income and approximately £19½ million was added to accumulated funds. The percentage of total income added to accumulated funds decreased slightly when compared with the 1951-52 survey.

### INCOME AND EXPENDITURE OF SUPERANNUATION SCHEMES ORGANIZED THROUGH SEPARATELY CONSTITUTED FUNDS, 1955-56.

#### INCOME. (£'000.)

Industry.	Contributions.		Property Income.		Other Income.(a)	Total Income.
	Employees.	Employers.	Government Bond Interest.	Other Interest Rent and Dividends.		
Manufacturing—						
Engineering and Vehicles ..	724	1,414	350	364	73	2,925
Textiles and Clothing ..	23	156	15	28	19	241
Food, Drink and Tobacco ..	321	550	107	375	24	1,377
Paper and Printing ..	78	157	21	30	6	292
Chemicals and Oil Refining ..	315	564	125	133	37	1,174
Other Manufacturing ..	487	1,038	119	260	113	2,017
<i>Total Manufacturing</i> ..	<i>1,948</i>	<i>3,879</i>	<i>737</i>	<i>1,190</i>	<i>272</i>	<i>8,026</i>
Transport ..	130	316	19	53	16	534
Wholesale Trade ..	975	2,707	573	601	71	4,927
Retail Trade ..	228	723	74	374	78	1,477
Finance and Property ..	2,186	4,686	1,497	1,419	186	9,974
Other Industries ..	285	919	189	126	31	1,550
<i>All Industries</i> ..	<i>5,752</i>	<i>13,230</i>	<i>3,089</i>	<i>3,763</i>	<i>654</i>	<i>26,488</i>
Percentage of Total Income:—						
1955-56 Survey .. %	22	50	12	14	2	100
1951-52 Survey .. %	23	55	8	12	2	100

#### EXPENDITURE. (£'000.)

Industry.	Pensions.	Lump Sum Payments.	Refunds.	Other(b) Expenditure.	Total Expenditure.	Increase in Fund.
Manufacturing—						
Engineering and Vehicles ..	141	413	152	153	859	2,066
Textiles and Clothing ..	2	59	3	25	89	152
Food, Drink and Tobacco ..	215	61	60	54	390	987
Paper and Printing ..	8	39	3	22	72	220
Chemicals and Oil Refining ..	79	135	59	16	289	885
Other Manufacturing ..	114	213	109	233	669	1,348
<i>Total Manufacturing</i> ..	<i>559</i>	<i>920</i>	<i>386</i>	<i>503</i>	<i>2,368</i>	<i>5,658</i>
Transport ..	30	48	59	45	182	352
Wholesale Trade ..	235	630	199	71	1,135	3,792
Retail Trade ..	46	304	76	84	510	967
Finance and Property ..	1,480	194	421	250	2,345	7,629
Other Industries ..	198	53	78	139	468	1,082
<i>All Industries</i> ..	<i>2,548</i>	<i>2,149</i>	<i>1,219</i>	<i>1,092</i>	<i>7,008</i>	<i>19,480</i>
Percentage of Total Expenditure—						
1955-56 Survey .. %	36	31	33		100	..
1951-52 Survey .. %	46	29	25		100	..

(a) Includes profit on sale of investments and receipts from assurance companies for surrendered policies, etc. (b) Includes loss on sale of investments, administrative expenses paid from funds, and life assurance premiums paid.

(b) *Assets.* In the following table an analysis of the investments held by separately constituted funds is given. The largest single avenue of investment is in Commonwealth Securities. However, there has been a marked reduction in the proportion of Commonwealth Securities to total assets. While there has been a big increase in investment in local and semi-government securities, government securities as a whole have declined in relative importance in favour of company shares and debentures.

**ASSETS OF SEPARATELY CONSTITUTED SUPERANNUATION FUNDS, 1955-56.**  
(£ million.)

Industry.	Cash and Bank Balances.	C'wth. Bonds.	Local and Semi-Govt. Securities.	Loans on Mortgage.	Debentures.	Shares in Companies.	Other Assets.	Total Assets.
Manufacturing..	1.7	9.3	13.2	1.8	5.8	10.6	3.7	46.1
Transport ..	0.5	0.8	0.4	..	0.1	0.2	0.4	2.4
Wholesale Trade ..	1.6	11.0	9.7	0.7	1.9	3.0	2.1	30.0
Retail Trade ..	1.5	1.7	0.8	1.3	0.4	1.6	3.5	10.8
Finance and Property ..	7.2	27.4	14.9	7.7	7.8	5.0	0.9	70.9
Other Industries ..	0.5	1.1	2.9	0.2	1.7	1.3	0.4	8.1
<b>All Industries</b> ..	<b>13.0</b>	<b>51.3</b>	<b>41.9</b>	<b>11.7</b>	<b>17.7</b>	<b>21.7</b>	<b>11.0</b>	<b>168.3</b>
All Industries— 1951-52 Survey(a) ..	7.4	40.6	18.4	7.0	6.6	11.4	5.2	96.6
1955-56 Survey %	8	30	25	7	11	13	6	100
1951-52 Survey %	8	42	19	7	7	12	5	100

(a) See para. 7, page 781.

(c) *Persons covered and the number of Pensions and Retiring Allowances paid.* In the table which follows, details are given of the number of persons covered by Schemes organized through separately constituted funds and the number of pensions and retiring allowances paid.

Between the 1951-52 and 1955-56 Surveys, the average pension paid increased slightly from £274 to £283 per annum. Over the same period the average retiring allowance increased from £208 to £341 per annum.

**NUMBER OF EMPLOYEES COVERED BY AND BENEFICIARIES FROM SEPARATELY CONSTITUTED FUNDS 1955-56.**

Industry.	Number of Employees Covered by Fund.	Number of Pensions Paid.(a)	Number of Retiring Allowances Paid.(a)
<b>Manufacturing—</b>			
Engineering and Vehicles ..	31,200	800	1,100
Textiles and Clothing ..	4,600	(b)	400
Food, Drink and Tobacco ..	9,200	700	200
Paper and Printing ..	3,900	100	100
Chemicals and Oil Refining ..	6,800	200	300
Other Manufacturing ..	16,500	700	600
<b>Total Manufacturing</b> ..	<b>72,200</b>	<b>2,500</b>	<b>2,700</b>
Transport ..	3,200	100	200
Wholesale Trade ..	29,100	1,000	1,400
Retail Trade ..	17,200	200	1,400
Finance and Property ..	51,100	4,100	300
Other Industries ..	12,800	1,100	300
<b>All Industries</b> ..	<b>185,600</b>	<b>9,000</b>	<b>6,300</b>

(a) Includes payments to dependants of former employees.

(b) Less than 50.

6. **Direct Payments of Pensions and Retiring Allowances.**—Some businesses make direct payments of pensions and retiring allowances either instead of, or in addition to, operating a scheme through a life assurance company or a separately constituted fund. Details of such payments are shown in the following table.

Total direct payments made by employers amounted to £4,111,000. Of this total, pensions accounted for 46 per cent. and retiring allowances for 54 per cent. These were exactly the same percentages as were found from the 1951-52 survey. However, over the same period average pensions have increased by 37 per cent. and average retiring allowances by 90 per cent.

**DIRECT PENSIONS AND RETIRING ALLOWANCES, 1955-56.**

Industry.	Pensions.		Retiring Allowances.	
	Amount.	Number.	Amount.	Number.
	£'000.		£'000.	
<b>Manufacturing—</b>				
Engineering and Vehicles .. ..	124	600	185	200
Textiles and Clothing .. ..	44	200	93	200
Food, Drink and Tobacco .. ..	192	1,100	117	300
Paper and Printing .. ..	84	400	148	200
Chemicals and Oil Refining .. ..	30	200	25	100
Other Manufacturing .. ..	75	900	113	200
<i>Total Manufacturing</i> .. ..	<i>549</i>	<i>3,400</i>	<i>681</i>	<i>1,200</i>
Transport .. ..	95	400	84	100
Wholesale Trade .. ..	343	1,700	472	600
Retail Trade .. ..	80	200	219	700
Finance and Property .. ..	724	2,400	573	800
Other Industries .. ..	108	500	183	100
<b>All Industries</b> .. ..	<b>1,899</b>	<b>8,600</b>	<b>2,212</b>	<b>3,500</b>
<b>Average per Head—</b>	<b>£</b>		<b>£</b>	
1955-56 Survey .. ..	221		632	
1952-52 Survey (a) .. ..	161		333	

(a) See para. 7 below.

7. **Main differences between 1951-52 and 1955-56 Surveys.**—The more important differences between the two surveys were:—

(i) *The wider field covered by the 1955-56 survey.* The 1951-52 survey covered businesses with a monthly payroll in excess of about £2,000 whereas the present survey covers businesses with a payroll in excess of £120 per week or approximately £500 per month.

In the 1951-52 survey, businesses were classified into two size groups, those with a monthly payroll of between £2,000 and £10,000, and those with a monthly payroll in excess of £10,000. In the present survey there were three groups, also determined by the size of the monthly payroll. These groups were, those with a monthly payroll of between approximately £500 and £3,000, from £3,000 to £20,000, and over £20,000. After taking into consideration the increased level of wages, the medium and large size businesses in the present survey would cover a slightly smaller field (relatively) than the 1951-52 survey. If the coverage of the present survey had been the equivalent of the 1951-52 survey, most,

but not all, of the figures for small businesses would have to be omitted from the present survey. Some of the more important figures for small businesses included in this survey, were approximately:—

<i>Schemes run through life assurance companies—</i>				£
Contributions by employees	..	..	..	850,000
Contributions by employers	..	..	..	1,450,000
<i>Separately constituted funds—</i>				
Contributions by employees	..	..	..	150,000
Contributions by employers	..	..	..	850,000
Total Receipts	..	..	..	1,200,000
Total Assets at end of year	..	..	..	7,100,000

(ii) *Industrial classification.* Some minor variations have been made in the classification of businesses to industrial groups.

(iii) *Treatment of businesses which contribute to a common fund.* In the 1951–52 survey, each branch and subsidiary included in the sample was classified to the industry of the parent company or the predominant industry of the group and the common scheme was counted once only. In the present survey, each branch and subsidiary was allocated to its own industry and was treated as having a separate scheme of its own. In both surveys, subsidiaries were counted as separate businesses, but in the present survey State Branches were also counted as separate businesses.

(iv) *Employees contributing to or covered by superannuation schemes.* The 1951–52 survey refers to the number of employees contributing to, and the present survey the number of employees covered by, schemes operated through life assurance offices or separate funds.